



ANNUAL MEETING OF THE BOARDS OF GOVERNORS

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Statement by the Temporary Alternate Governor for France

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1. On behalf of the French government, I would first like to sincerely thank the Korean authorities for hosting and organizing this Fifty-sixth Annual Meeting of the Board of Governors of the Inter-American Development Bank.
2. Korea's journey shows how a country's development process can lead to a substantial and rapid improvement in the living standards of its citizens, when it is guided by a sound national vision and will and is effectively supported by its development partners.
3. Since the last annual meeting, the Bank has delivered positive results in various areas and both Management and its staff should be warmly thanked.
4. Implementation of the commitments under the Ninth General Increase in Resources and of the recommendations stemming from the excellent work done by the Office of Evaluation and Oversight as well as the update of the rules for the election of the President of the Bank are three examples of these positive results.
5. Another example that is more prominent for its scope is the work done in the context of the review of the Capital Adequacy Policy. The adoption of the new capital adequacy mandate, the regulations governing implementation of the policy, and all the tasks undertaken in this regard are major accomplishments that will reinforce the soundness of the IDB Group and, therefore, what it can accomplish. The measures adopted to better control both concentration risk (whether by adopting lending limits or providing better information to the Board of Executive Directors) and the financial impact of the retirement plans will enable the Bank to improve its work in the coming years. The IDB Group's financial resources come from the financial markets and thus from the trust that the investors have in the IDB's institutions. The IDB needed to adapt to the rating agencies' new rating methods—despite their limits and without that preventing us from proposing improvements—and did so successfully. Now the IDB

must articulate the new Capital Adequacy Policy in a new multiyear income management model.

6. Beyond these attainments, this annual meeting is taking place in a year that is crucial to development and to the future of the IDB. Important decisions will be made in Addis Ababa on financing for development, in New York on the new Sustainable Development Goals, in Paris on the Conference of the Parties on Climate, and at the IDB on the consolidation of the activities in support of the private sector. We expect significant IDB participation in all these international events and processes. In particular on the subject of climate, we expect the IDB to continue its pioneering work in support of the region and to show, through its actions, how to provide concrete answers to development and climate change challenges.

7. Since the last annual meeting, and in accordance with the mandate the Governors approved in Bahia, a substantial proportion of our discussions has focused on the structural reform of the IDB Group in support of the private sector.

8. France firmly supports the need for reform in this area. Certainly questions remain regarding the institutional choice of a “merge-out” for consolidation of the private sector windows within the Inter-American Investment Corporation (IIC), but this choice was confirmed on several occasions by the majority of the Governors. Bringing our discussions to a quick conclusion will reinforce the IDB Group’s credibility. We also need to think about the work of the teams who have devoted much effort to this reform and who are affected by our decisions.

9. Nevertheless, these decisions will be made in a context that has changed significantly since the annual meeting in Panama. The regional economic situation has deteriorated significantly and has placed additional pressure on the Bank’s financial situation. Even if it were not the topic of our discussions, the proposal submitted to the Governors for approval will make it possible to strengthen the IDB’s capitalization in this context.

10. The IIC will be in a better position to act but will have to take up several challenges such as finding the proper balance between risk taking, return on investment, and development impact; strengthening coordination and synergies between the IDB and the IIC; and strongly supporting the capacity to generate public-private partnerships. Different options for incorporating the MIF into the IIC—while preserving its high value added for the region—will have to be presented. The MIF’s outstanding logic of innovative support for development should be exported to the IIC as well as to the rest of the IDB Group.

11. To overcome these challenges, strong and unquestionable leadership is needed for the important upcoming stages of the process as well as flawless monitoring to ensure that it is a success in terms of development.

12. But as strategic as the new IIC is expected to be, it is but one component of the IDB Group, which is why we think that the strategy of the IDB Group as a whole needs to be deepened.

13. A strategy for the IDB Group is key: it expresses a vision shared by all its members regarding the IDB Group’s role, strengths, room for improvement, means, and

action areas. This vision has been updated to adapt the IDB Group to an evolving region and world. The IDB provides clear value added but does not work alone and, regardless of its size, it will have to improve its actions to better serve its clients.

14. This means making choices, which is fully compatible with the IDB's flexibility and responsiveness with respect to the beneficiaries of its financing operations. We still have a common vision and diagnostic, two elements of the update of the IDB Group's strategy approved by the Governors. We agree with these elements and thank all those who worked on their development. We also welcome the consensus achieved for implementing an action plan. Such a plan is necessary since a strategy does not make sense unless it results in actions.

15. Now that Korea is taking up the chairmanship of the Committee of the Board of Governors until our next annual meeting in Nassau, it will be possible to benefit from the example of the Asian Development Bank in terms of institutional strategy.

16. This opportunity could and should be seized in order to reflect on key topics—without prejudice to a specific result—that will allow the IDB to modernize and, supported by its own advantages, become more responsive to the challenges of the region while strengthening the confidence that unites us. These topics, which are sometimes already under consideration, include matters as varied as: the expected role of the IDB with respect to other international financial institutions and how to enable the IDB to better coordinate with them to help the countries in the region; what the IDB's countercyclical role should be; how to make the instruments more effective to respond to the diverse needs of the different categories of borrowing countries; how to ensure that cross-cutting issues like climate change, public-private synergies, or social inclusion are better taken into account; and how to strengthen the IDB's work in the area of regional integration.

17. A forum is needed for discussion of these complex issues. Such work areas will allow the IDB to better respond to the needs of the region, the clients, and all of the actors that contribute to the success of this institution.